



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
MOTION PICTURE CREDITS
AFTER JUNE 30, 2004
Attach to your Income Tax Return

SC SCH.TC-25

(Rev. 7/20/07)

3388

20

Name As Shown On Tax Return

SS No. or Fed. EI No.

Part I Investment in a Qualified South Carolina Motion Picture Project
(The project must incur at least \$250,000 of costs directly in South Carolina.)

(A) Computation for investors **other** than those in an equity fund.

- | | |
|---|----------------------|
| 1. Value of direct cash investment. | 1. _____ |
| 2. Multiply line 1 by 20% and enter amount. | 2. _____ |
| 3. Credit limit. | 3. <u>\$ 100,000</u> |
| 4. Enter the lesser of lines 2 and 3. | 4. _____ |

If the direct investor (the company producing the project) is the ultimate taxpayer (the entity or individual taking the credit), take the amount to line 1, Part III. Otherwise, this is the credit to pass down to the respective partners, "S" corporation shareholders, Limited Liability Company (LLC) members or Motion Picture Equity Fund (MPEF) investors by means of schedule K-1).

(B) Computation for investors in a motion picture equity fund.

- | | |
|---|----------|
| 1. Value of investment. | 1. _____ |
| 2. Multiply line 1 by 20% and enter amount. | 2. _____ |

Pass this amount through to the MPEF investors based on the percentage of their interest in the MPEF. If the investors are the ultimate taxpayers, they will use this amount to compute the credit on their tax return. If not, this amount will be passed down further in the tiered arrangement until the ultimate taxpayers receive their share. The preparer of this schedule should notify those receiving a share of the credit that each ultimate taxpayer will be limited on his share of the motion picture credit to an amount not exceeding 50% of his tax each year.

Part II Investment in a South Carolina Motion Picture Production Facility ☐ or Post-production Facility ☐
(Check to indicate type of facility.)

- | | |
|--|----------|
| 1. Value of Investment. See instructions for minimum investment requirement. | 1. _____ |
| 2. Multiply line 1 by 20% and enter amount. | 2. _____ |

If the direct investor (the company producing the project) is the ultimate taxpayer (the entity or individual taking the credit), take the amount to line 2, Part III. Otherwise, pass the credit down to the respective partners, "S" corporation shareholders, LLC members or MPEF investors by means of Schedule K-1.

Part III Computation of Allowable Credit

- | | |
|--|----------|
| 1. Enter the amount from Part I(A), line 4. | 1. _____ |
| 2. Enter the amount from Part II, line 2. | 2. _____ |
| 3. Add lines 1 and 2 and enter the amount. | 3. _____ |
| 4. Enter 50% of this year's income tax before all other allowable credits. | 4. _____ |
| 5. Enter all other allowable credits for the year. | 5. _____ |
| 6. Subtract line 5 from line 4. | 6. _____ |
| 7. Enter the lesser of lines 3 and 6. Enter this amount on the appropriate tax credit schedule. | 7. _____ |

Information and Instructions For South Carolina Schedule TC-25

Who Must Complete the Form

Section 12-6-3510 which established the credits provided in TC-13 was repealed effective July 1, 2004. Section 12-6-3570 establishes the credits provided in TC-25 and became effective July 1, 2004.

Entities that invest after June 30, 2004 in a company that produces or develops a qualified South Carolina motion picture project and/or a qualified South Carolina motion picture production facility must complete TC-25. A "C" Corporation claims the credit on its own behalf. A pass-through entity such as a partnership, "S" corporation, Limited Liability Company (LLC) taxed as a partnership, or a motion picture equity fund (MPEF) must provide (generally by means of a Schedule K-1) to each respective partner, "S" corporation shareholder, LLC member or MPEF investor its share of the credit. In a tiered pass-through arrangement, the ultimate taxpayers (i.e. those who can use the credit, such as an individual taxpayer) will eventually receive the information as the K-1s are passed down through the various tiers.

TC-25 is made up of three parts. Part I computes the credit(s) related to investment in a company that produces or develops a Qualified South Carolina Motion Picture Project. Part II computes the credit for investment in a company that constructs, converts or equips a South Carolina motion picture production and/or post-production facility. Part III aggregates the credits in Parts I and II. Complete each applicable part. Any investor claiming a credit on this schedule must complete Part III.

Qualified South Carolina Motion Picture Project

A person who invests cash in a company that develops or produces a qualified motion picture project may claim an income tax credit of 20% of the cash invested. The credit is limited to \$100,000. All cash invested must have been spent for services performed in South Carolina, for tangible personal property dedicated to first use in South Carolina and/or for real property located in South Carolina. A taxpayer may claim no more than one credit in connection with the production of a single qualified South Carolina motion picture project. The credit is allowed over more than one taxable year, but the total credit in all years is limited to \$100,000 per project.

A "motion picture project" is a product intended for commercial exploitation that incurs at least \$250,000 of costs directly in this State to produce a master negative motion picture, whether film, tape, or other medium, for theatrical or television exhibition in the United States and in which at least 20% of total filming days of principal photography, but not fewer than 10 filming days, is filmed in this State. Upon the recommendation of the South Carolina Film Commission, and if appropriate, the Coordinating Council for Economic Development shall certify the motion picture project as a project eligible for purposes of this article.

A "qualified South Carolina motion picture project" is a motion picture project which has registered by submitting its record of allocation of credits and documentation to the Department of Revenue. Before registration, all documentation of a motion picture project required to meet the credit requirements, must be received by the Department of Commerce.

South Carolina Motion Picture Production or Post-production Facility

A person who invests in a company that constructs, converts and/or equips a motion picture production or post-production facility may claim a credit of 20% of the amount invested.

The total investment in South Carolina must be at least \$2,000,000, not including land costs, in the case of a production facility and \$1,000,000 in the case of a post-production facility.

The amount invested includes cash and the fair market value of real property with any improvements thereon. Cash invested must have been spent for services performed in South Carolina, tangible personal property dedicated to first use in this South Carolina, or for real property located in this South Carolina. Real property invested must be real property located in South Carolina on which facilities are located. Real property invested includes the fair market value of any lease of real property with a term in excess of 36 months minus the fair market value of any consideration paid for the lease.

A "motion picture production facility" is a site in South Carolina that contains soundstages designed for the express purpose of film and television production for both theatrical and video release. Production includes, but is not limited to, motion pictures, made-for-television movies, and episodic television to a national or regional audience. The motion picture production facility site must include production offices, construction shops/mills, prop and costume shops, storage area, parking for production vehicles, all of which complement the production needs and orientation of the overall facility purpose. The term does not include television stations, recording studios, or facilities predominately used to produce videos, commercials, training films, or advertising films.

A "post-production facility" is a site in South Carolina designated for the express purpose of accomplishing the post-production stage of film and television production for both theatrical and video release including the creation of visual effects, editing, and sound mixing. A post-production facility site is not required to contain a soundstage or be physically located at or near soundstages.

The total amount of credit that may be claimed by all taxpayers with respect to the construction, or conversion and/or equipping of a single motion picture production or post-production facility may not exceed \$5,000,000. A taxpayer may claim the credit allowed by this section only once in connection with a single motion picture production facility and once in a single post-production facility.

The credit is earned when the cash is spent or when qualifying real property is dedicated for use as part of a South Carolina motion picture production facility or South Carolina post-production facility. Documentation to the Department of Commerce sufficient to provide confirmation of this threshold must accompany the application for the credit.

Rules Pertaining to Parts I and II

Any unused credit may be carried forward for 15 consecutive years.

If a South Carolina motion picture project, South Carolina motion picture production facility, or South Carolina post-production facility fails to meet the minimum investment requirements within 3 years from the end of the taxpayer's tax year when the credit was first claimed, then the taxpayer must increase its income tax liability in the fourth year by an amount equal to the amount of credits claimed.

These credits, when combined with any other state income tax credits allowed the taxpayer for a particular taxable year, cannot reduce the taxpayer's South Carolina income tax liability more than 50%.

All documentation provided by investors and their agents to the Department of Revenue in connection with claiming the credits allowed by this section is considered a tax return, and is subject to the penalty provisions of Section 12-54-40(f).

Credits allowed to investors in a motion picture equity fund are allocated to the fund, based upon 20% of the cash value of its investment in a qualified South Carolina motion picture project and distributed to equity fund members based upon the percentage of their interest in the equity fund.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form if you are an individual taxpayer. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.